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FISCAL IMPACT STATEMENT

LS 6144
BILL NUMBER: HB 1204

NOTE PREPARED: Oct 27, 2004
BILL AMENDED:

SUBJECT: Handguns.

FIRST AUTHOR: Rep. Smith V
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a person to complete a handgun safety course before receiving a handgun license. The bill amends the definition of "dealer" as it relates to the sale of handguns. It requires a handgun dealer to wait seven business days after obtaining background information from a prospective purchaser before selling, renting, trading, or transferring a handgun to the purchaser. It also prohibits a person from obtaining more than two handguns during a calendar month.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The Indiana State Police (ISP) would incur minimal administrative time and cost associated with establishing handgun safety standards for a training course required under the bill. Funding for the ISP originates from the state General Fund and the Motor Vehicle Highway Fund.

Additionally, the bill would increase the time for a background check from 24 hours to seven days. Currently, ISP takes three days to issue a permit when there are concerns about the application. Given additional time, ISP would resolve more problems. Costs would increase, assuming more time is spent researching an applicant's background, but the fiscal impact is expected to be minimal. The following information is available for CY 2003.

Disposition of Firearm Licenses in CY 2003	
Issued	75,518
Denied	1,522
Returned for Correction	4,429

Explanation of State Revenues: *Revenue Affected:* In FY 2003, revenues to the General Fund for handgun license permit fees were approximately \$829,000 (based on 75% of the total revenue for firearms licensure fees coming from unlimited license fees). Assuming that fewer people apply for handgun licenses because of the requirement to attend a handgun safety course, license fee revenues to the state General Fund would decrease. There are no data available to indicate how many people may or may not apply for a handgun license because of a change in qualifications.

Criminal Penalty: Also, the bill provides for a Class A misdemeanor for knowingly or intentionally purchasing more than two handguns during a calendar month. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class A misdemeanor is \$5,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: *Criminal Penalty:* A Class A misdemeanor is punishable by up to one year in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: *Revenue Affected:* Each handgun license requires a local application fee of \$10. If fewer licenses are issued under the bill, revenues to the law enforcement agency's Firearms Training Fund or other appropriate training activities fund would decrease. The specific impact of this bill would vary by law enforcement agency and would depend upon local activity.

Criminal Penalty: If additional court actions occur and a guilty verdict is entered as the result of convictions for purchasing more than two handguns in a calendar month, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: State Police.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana State Police Annual Report 2003.

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